

4 (b) UNHCR financial regulations and rules

EC/73/SC/CRP.5 and Addendum 1



Our Vision

Create an integrated set of financial regulations and rules (similar to other UN agencies) which meet specific needs of UNHCR's.

Solid foundation for entire policy framework being revised as part of transformation.

History UNHCR

1950

Establishment of UNHCR

- UNHCR established
- Legislative directives: UN Regulations

1957

UNHCR Financial Rules

- GA Resolution 1166 (XII) allowed for the formulation of UNHCR Rules
- UNHCR established its financial rules

2003

Removal Temporal Limitation on Office

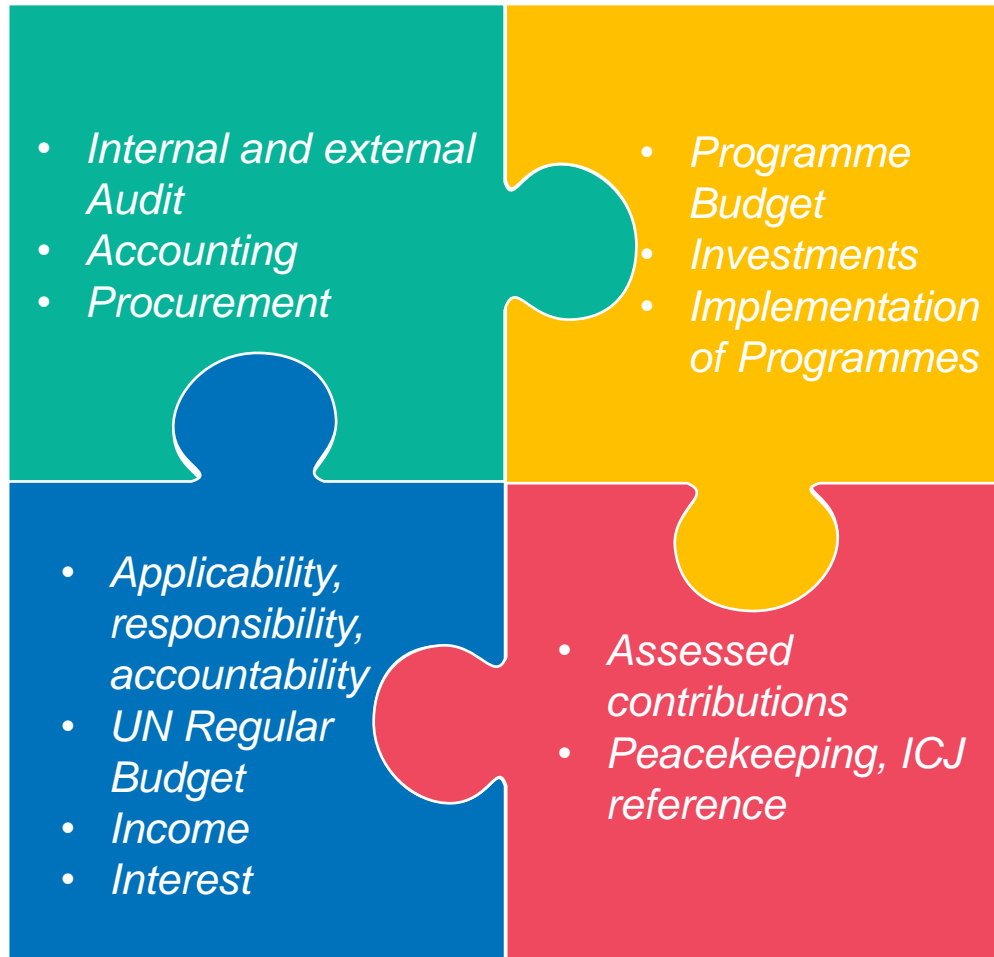
- Several revisions of UNHCR Rules
- Last revision approved by ExCom in 2020

2021

UNHCR embarks in Business Transformation Programme

- Reviewing processes, systems and policies
- Improve efficiencies, accountability, deliver more to persons of concern.
- Proposal to start process to have [UNHCR Financial Regulations](#)

Comparison – 82 Paragraphs UN Regulations



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Minimal or no changes to Regulations

- UN Financial Regulations and UNHCR Financial Rules that have been proposed for adoption with no changes or with minimal changes to reflect UNHCR terms or processes

15

Moderate changes to Regulations

- UN Financial Regulation or current UNHCR Rules that have been proposed to be changed moderately to reflect current UNHCR business processes and practices.

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New Regulations

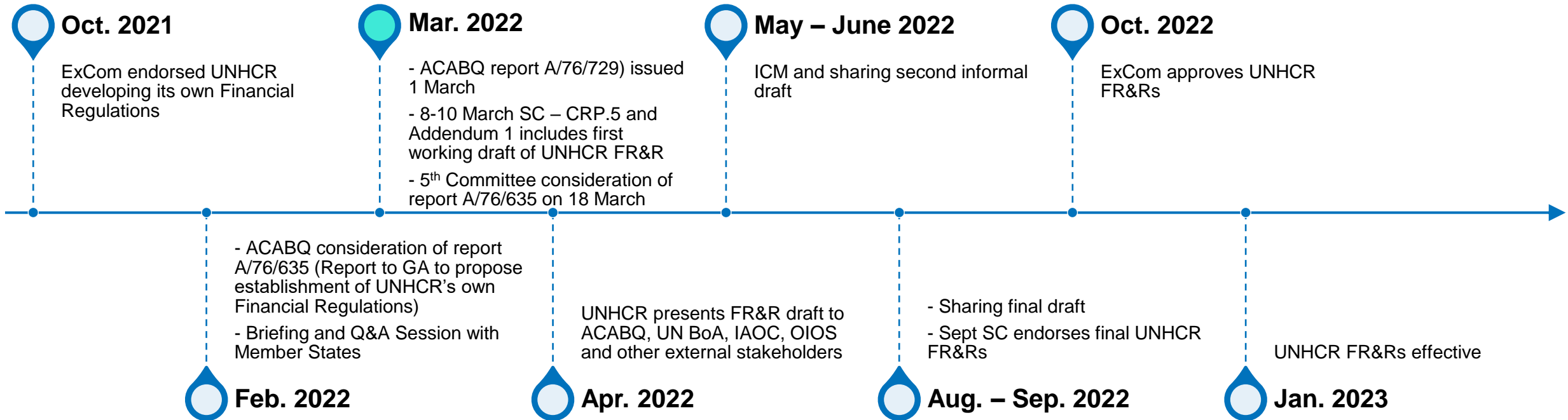
- Strengthen language to comply with GA, ECOSOC, and ExCOM. Introduce accountability
- Three Regs to define the UN RB Grant
- Define clearly three sources of UNHCR income

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Deleted Regulations

- UN Financial Regulations and UNHCR Financial Rules which no longer apply to UNHCR whatsoever and have been proposed for deletion

Timeline (updated)



Permission for UNHCR Regulations

Approval of UNHCR Financial Regulations and Rules

Effective

ACABQ Observations (Report A/76/729)

- **Operational Urgency** – not clear from ExCom Decision
- **Acknowledge Need** for tailored financial regulations for UNHCR as funded primarily from voluntary contributions
- **Proliferation** of more requests
- **Inconsistencies** from multiple regulations impacting SG reform

CONCLUSION: Committee recommends against proposal made by UNHCR ExCom to grant UNHCR the authority to develop its own financial regulations.

UNHCR Response to ACABQ report (CRP.5/Add.1)



Operational urgency -

UNHCR is going through a major transformation with various initiatives that have gone or will go live in the next 18m, thus, the need to have a clear financial framework at the highest level

Authority of GA –

Proposal to follow process of other UN entities for amendments of regulations require consultation of ACABQ but no approval of GA



Proliferation of more entities with their own financial regulations –

UNHCR is the only one of the larger entities that does not have its own financial regulations.

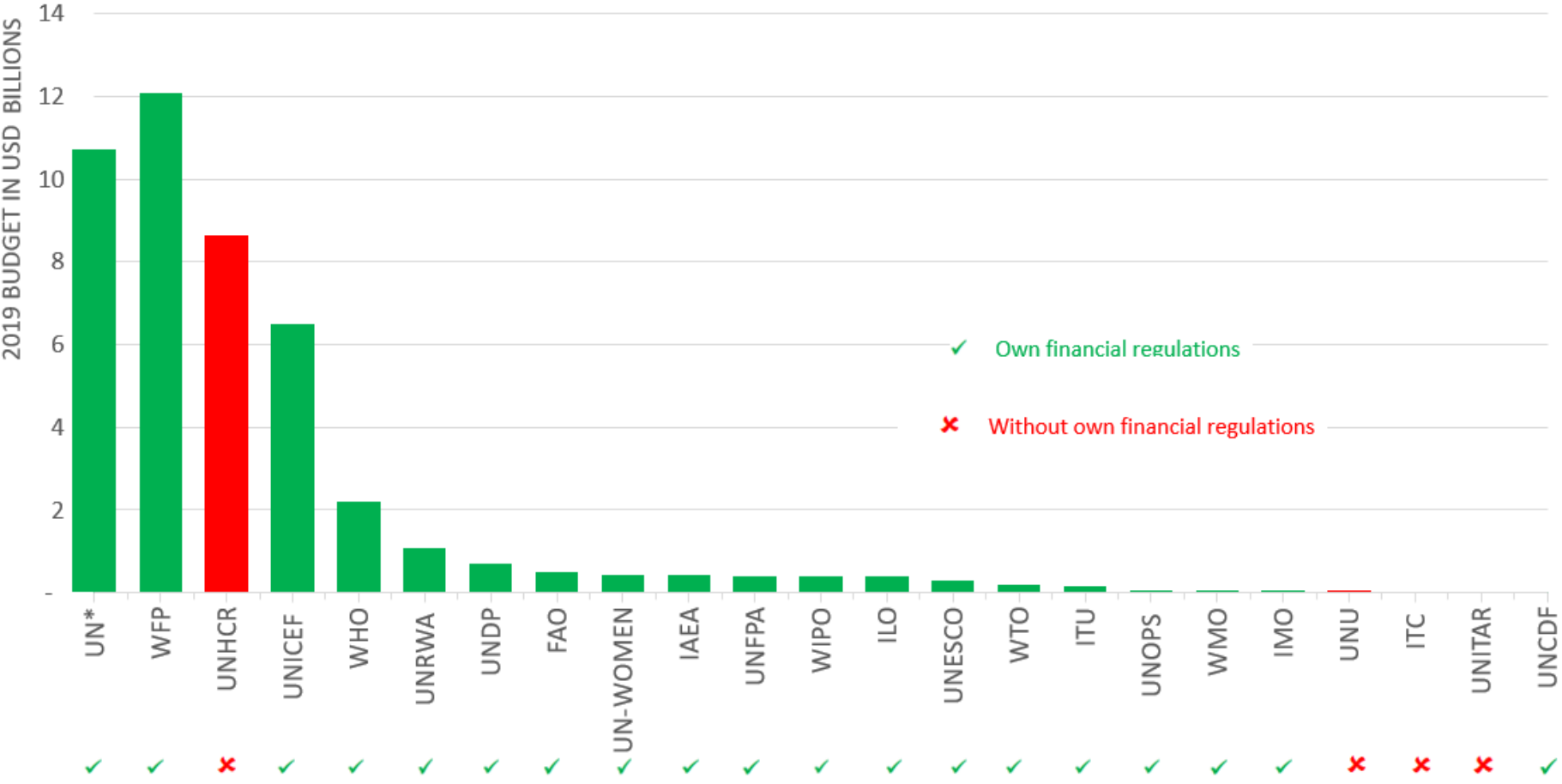
Inconsistencies and incoherencies –

UNHCR is fully committed to supporting the efforts of system-wide harmonization, and UNHCR own financial regulations does not impede these efforts.



UNHCR Response to ACABQ report (CRP.5/Add.1)

Other UN entities with their own financial regulations



*UN Secr., DPKO, UNEP, UN-Habitat, UNODC

Next steps

- Mid March – Comments if raised
- 18 March – 5th Committee
- May – Second draft
- August – Final draft
- September – SC endorses final draft
- October – ExCom approves final FR&R

- Email comments to: hqcm00@unhcr.org

Questions?

Annex

Draft proposed UNHCR financial regulations and rules

Other UN entities with their own financial regulations

● UN-Women



UN Women has its own financial regulations established since its inception since **2011**

● UNICEF



The Executive Board adopted UNICEF's own financial regulations and rules in **1987**

● UNFPA



UNFPA established its own financial regulations in **1974**

● UNDP



UNDP promulgated its own set of financial regulations in **1966**

● WFP



WFP has authority to establish financial regulations to govern itself

Limitations of current United Nations Financial Regulations when applied to UNHCR

1. United Nations Fin Regs are designed for an entity with assessed contributions whereas UNHCR is fully voluntarily funded.
2. Language not relevant to UNHCR.
3. Difficult to have an integrated view of Financial Regulations and Rules
4. Confusion as to what UN Regulations apply to UNHCR.

Negative Effect on UNHCR of not having tailored UNHCR Financial Regulations

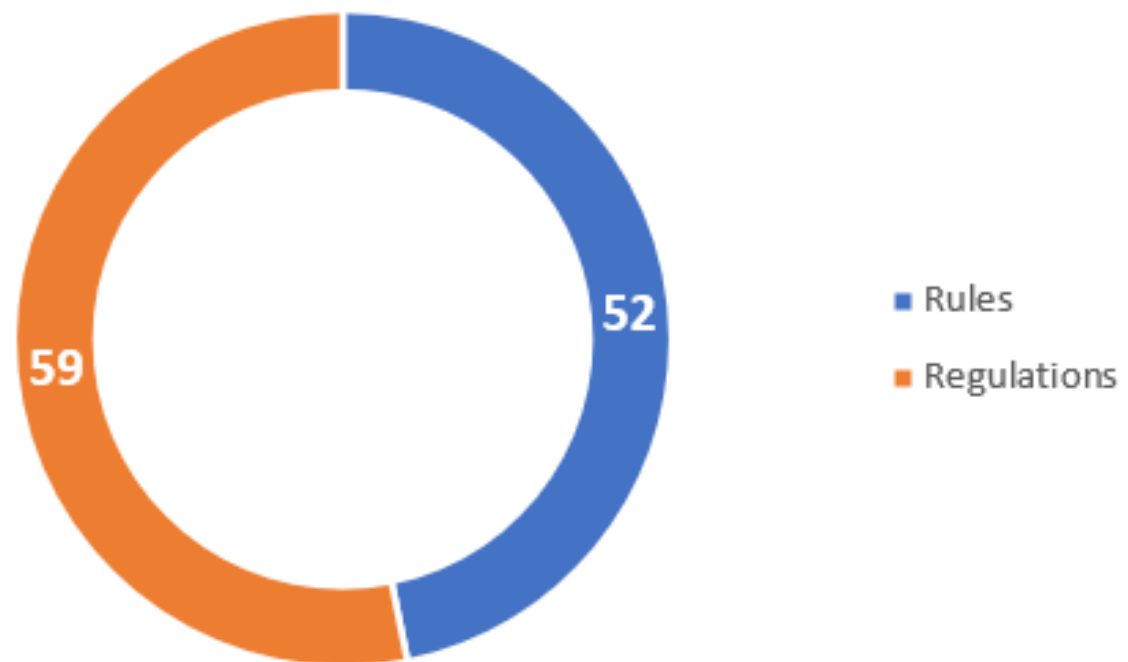
1. Risk of misinterpretation of Financial Regulations and Rules
2. Inability to have a coherent financial policy framework from Regulations down to standard operating procedures.
3. Challenges for donors and other external partners to fully understand financial policy framework.

What will UNHCR Specific Regulations Improve?

- Clear Policy Governance (reduce risk misinterpretation)
- Improve training and accountability at all levels
- Aid in discussions with external donors/partners
- Modern integrated policy framework similar to other large entities

Overview

111 Financial Regulations and Rules drafted



Annex - Sample Analysis

NEW UNHCR REGULATIONS & RULES	PRIOR RELEVANT REGULATION OR RULE	COMMENTS
Article I - General Provisions		
Applicability and authority		
Regulation 1.1. These Financial Regulations shall govern the financial administration of the Office of the United Nations High Commissioner for Refugees (hereafter referred to as "UNHCR").	UN Regulation 1.1. These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.	Adjusted to reflect UNHCR terms.
Regulation 1.2. These Regulations shall become effective on 1 January 2023. Amendments and exceptions to these Regulations may be made only by the Executive Committee.	UN Regulation 1.4. These Regulations shall become effective on 1 July 2013. They may be amended only by the General Assembly.	Adjusted to reflect UNHCR terms and added the notion of exceptions.
Regulation 1.3. The High Commissioner shall administer these Regulations consistently with the applicable resolutions and decisions of the General Assembly, the Economic and Social Council and the Financial Regulations of the United Nations.		New regulation proposed based on the language in UNICEF.

DELETED UN REGULATION (ST/SGB/2013/4 and ST/SGB/2013/4/Amend.1)	REASON
Regulation 2.11. Where, in the opinion of the Secretary-General, a proposed expenditure cannot be made from existing appropriation, it shall not be incurred until the General Assembly has made the necessary appropriation unless the Secretary-General certifies that the expenditure can be made under the provisions of the Assembly resolution relating to unforeseen and extraordinary expenses.	<i>Not applicable to UNHCR as we have the supplementary budget process.</i>
Regulation 2.12. Budgets for peacekeeping operations setting out objectives, expected accomplishments and outputs shall be prepared by the Secretary-General for consideration and approval by the General Assembly.	<i>Peacekeeping reference does not apply to UNHCR.</i>

Minimal or no changes - example

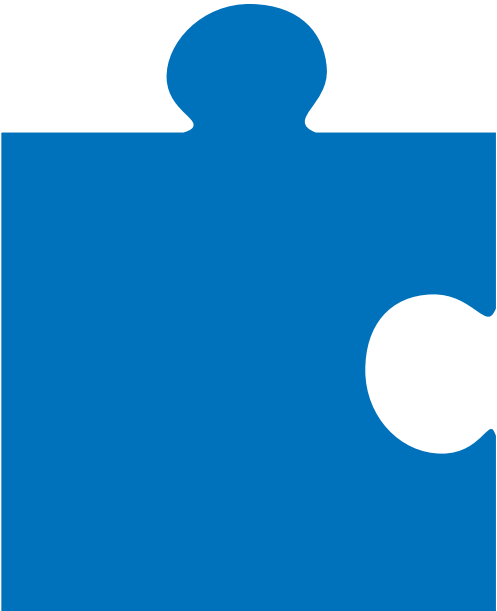
NEW UNHCR REGULATIONS & RULES	PRIOR RELEVANT REGULATION OR RULE	COMMENTS
<p>Review and approval</p>		
<p>Regulation 2.5. The High Commissioner shall submit for approval the proposed Programme Budget for the following Budget Period to the Executive Committee at its annual plenary session. This proposed Programme Budget shall include estimates of the cost of programmes under the Impact Areas, including the reserves and shall be transmitted to all Member States at least five (5) weeks prior to the opening of that session.</p>	<p>UN Regulation 2.4. The Secretary-General shall, in the second year of a budget period, submit his or her proposed programme budget for the following budget period to the General Assembly at its regular session. This proposed programme budget shall be transmitted to all Member States at least five weeks prior to the opening of that session.</p> <p>UNHCR Rule 7.1 The High Commissioner shall submit to the Executive Committee for approval his/her Programme Budget, which shall include estimates of the cost of programmes under the impact areas, including the Reserves.</p>	<p>Minor adjustment for neutrality of budget period agreed by ExCom in Oct 2020 and UNHCR terms. Combined with former UNHCR Rule 7.1.</p>
<p>Regulation 2.6. The High Commissioner shall, at least eight (8) weeks prior to the opening of the annual plenary session of the Executive Committee, submit his or her proposed Programme Budget for the following Budget Period to the Advisory Committee.</p>	<p>UN Regulation 2.5. The Secretary-General shall, at least 12 weeks prior to the opening of the regular session of the General Assembly in the second year of a budget period, submit his or her proposed programme budget for the following budget period to the Advisory Committee for examination.</p>	<p>Minor adjustment for neutrality of budget period agreed by ExCom in Oct 2020 and UNHCR terms and for timeline reflecting UNHCR process.</p>

Moderate changes - example

NEW UNHCR REGULATIONS & RULES	PRIOR RELEVANT REGULATION OR RULE	COMMENTS
<p><i>Operational Reserve</i></p>		
<p>Regulation 4.9. The Operational Reserve is established to:</p> <ul style="list-style-type: none"> (a) provide assistance to refugees, returnees, and displaced and stateless persons for which there is no provision in the programmes approved by the Executive Committee; (b) increase existing allocations to meet priority needs under the current Budget Period Programme Budget; (c) cover unexpected cost increases in, and/or meet the costs of modifications to, programmes financed from the current or previous budget periods' Programme Budget, or from an Operational Reserve allocation made in a current or previous budget period. 	<p>UNHCR Rule 6.8 The Operational Reserve is established to:</p> <ul style="list-style-type: none"> (a) provide assistance to refugees, returnees, and displaced and stateless persons for which there is no provision in the programmes approved by the Executive Committee; (b) provide such additional administrative commitments and expenses, for which there is no provision in the programmes approved by the Executive Committee or that is pending action by the General Assembly; (c) fund planning of repatriation, especially in regard to the necessary measures to be taken on behalf of returnees in their country of origin; (d) fund preparations in the country of asylum for voluntary repatriations not otherwise provided for, and activities related to actual return; (e) provide supplementary funding for voluntary repatriations, including initial reintegration needs in the country of origin; (f) cover unexpected cost increases in, and/or meet the costs of modifications to, programmes financed from the current or previous years' Programme Budget, or from an Operational Reserve allocation made in a current or previous year; (g) increase existing allocations to meet priority needs under the current year Programme Budget. 	<p>Upgrade to Regulation. Simplified language to reflect UNHCR practice.</p>

Simplification of language as OR in UNHCR is only a free budget space. If there is a new need then HC can move out budgetarily space from OR for new need without changing approved budget with ExCom. With this understanding, simplification of language done as reserve can be used for all activities of annual programme and no need to list here various items.

New Regulations or Rules - example



United Nations Regular Budget	
<p>Regulation 2.11. The High Commissioner shall prepare and submit to the Secretary General the resource requirements to be borne by the regular budget of the United Nations in respect to the relevant portion of administrative expenditures for the functioning of UNHCR, specifically covering key posts and a lump-sum grant for the relevant budget period.</p>	<p>New UNHCR Regulation. Added to reflect process for the regular budget allotment UNHCR receives from the UN (Section 25 of the UN budget).</p>
<p>Regulation 2.12. UNHCR requirements to be funded from regular budget of the United Nations shall be prepared and considered in accordance with the relevant UN resolutions and guidelines approved by the General Assembly.</p>	<p>New UNHCR Regulation. Added to reflect process for the regular budget allotment UNHCR receives from the UN.</p>
<p>Regulation 2.13. Supplementary proposals to amend the UN Regular Budget allotment to UNHCR may be submitted, whenever necessary, by the High Commissioner.</p>	<p>New UNHCR Regulation. Added to reflect process for the regular budget allotment UNHCR receives from the UN.</p>

UNHCR will continue to apply the same rules and regulations to UN grant and voluntary contributions. Next slide shows the budget process

UNHCR Budget Process

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I. UNHCR Programme Budget 2022
\$8.993m
UN RB \$43m*

UN Programme Budget 2022
II. Section 25
UN RB \$43m

ACABQ

UNHCR Standing Comm.

UNHCR ExCom

\$8.993m Spending Authority
99% VC
(Subject to avail funds)
UN RB \$43m

5th Comm.

General Assembly

Spending Authority
UN RB \$43m

Grant

Deleted Regulations or Rules - examples

DELETED UN REGULATION (ST/SGB/2013/4 and ST/SGB/2013/4/Amend.1)		REASON
<p>Regulation 7.2. The members of the Board of Auditors shall be elected by the General Assembly for a non-renewable term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June six years subsequent thereto. The term of office of one of the members shall expire every other year. Consequently, the Assembly shall elect every two years a member to take office from 1 July of the following year.</p>	<p><i>While these show as deleted, they are in fact all applicable to UNHCR. Proposed UNHCR Regulation 9.1 and 9.2 are a proxy for the entirety of UN Regulations 7.1-7.12, without repeating the text. The approach is similar to UNICEF and UNDP who also use UNBOA for external audit and cross reference to Article VII of the UN Fin Regs.</i></p>	
<p>Regulation 7.3. If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his or her own country, the member's tenure of office shall thereupon be terminated and he or she shall be succeeded as a member of the Board by his or her successor as Auditor-General. A Board member may not otherwise be removed during his or her tenure of office except by the General Assembly.</p>		
<p>Regulation 7.4. The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the special terms of reference set out in the annex to the present Regulations.</p>		
<p>Regulation 7.5. The Board of Auditors may make observations with respect to the propriety of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and</p>		
<p>Article IX - External Audit</p>		
<p>Regulation 9.1. The accounts of UNHCR shall be subject to external audit performed by the Board of Auditors in accordance with the provisions of Article VII of the United Nations Financial Regulations.</p>	<p>Regulation 7.1. The General Assembly shall appoint a Board of auditors to perform an annual audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.</p> <p>UNHCR Rule 12.1 All financial transactions and related activities covered by these rules shall be subject to audit by internal auditors and the United Nations Board of Auditors. [...]</p>	<p>UNHCR Reg 9.1 and 9.2 are a proxy for the entirety of UN Regulations 7.1-7.12. The approach is similar to UNICEF and UNDP who also use UNBOA for external audit and cross reference to Article VII of the UN Fin Regs. Cross reference allows UNHCR to use the entirety of the UN audit Regulations without repetition.</p>
<p>Regulation 9.2. The report of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly and to the members of the Executive Committee. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.</p>	<p>UN Regulation 7.12. The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.</p>	<p>Updated to reflect UNHCR process.</p>